



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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December 12, 1996

Pat Gochmour
Gochmour & Associates, Inc.
P.O. Box 3207
Englewood, Colorado 80155

Re: Tentative Approval, Notice of Intention to Commence Large Mining Operations, Summo USA Corporation (Summo), Lisbon Valley Copper Project, M/037/088 (UTU-72499), San Juan County, Utah

Dear Mr. Gochmour:

The recent information submitted by Summo in response to our 10/21/96 review letter is sufficient for the Division to grant formal tentative approval of the Lisbon Valley Copper Project. Documents and correspondence which have been reviewed by the Division to support tentative approval are listed in Attachment One (enclosed). Public notice of intention to issue tentative approval was published in the Salt Lake Tribune, Monticello - San Juan Record, and the Moab - Times Independent, on November 11, 13 and 14, 1996, respectively. The 30-day public comment periods will expire on December 11, 13 and 16, 1996, respectively.

In order for the Division to present the proposed form and amount of reclamation surety to the Board of Oil, Gas and Mining on January 22, 1997, two permit issues will need to be resolved before January 3, 1997, as follows:

- (1) Calculation of a final reclamation surety amount which is acceptable to the Division, BLM and SITLA.
- (2) Provide the Division with the remaining hydrologic design detail information as requested by telefax on December 10, 1996.

In anticipation of successfully resolving these issues, the Division will include this project on the January 22, 1997, Board Hearing agenda. We will need to resolve the two permit issues and receive the information to complete the Board Information Packets by January 3, 1997. The required Board information includes: a Reclamation Contract (Form MR-RC), the final surety estimate calculations and a copy of the proposed form of surety (using the acceptable



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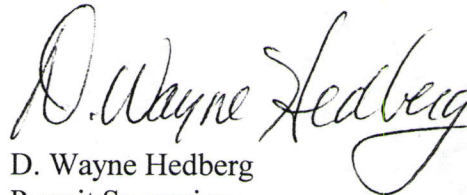
forms). At a minimum, *draft* copies of the signature documents are needed for the Board packets, with original signed copies typically available by the actual hearing date. It is our understanding that Summo will not be prepared to post the actual surety with the Division until after the January 22nd hearing date.

Recent conversations with the BLM project distribution of the Final EIS (FEIS) by January 13, 1997. The Notice for the FEIS should be published by the EPA in the Federal Register within seven to 10 days of the distribution date. The BLM's Record Of Decision (ROD) will be issued following a final 30 day public review period (anticipated during the last two weeks of February/97). This schedule will allow the Division to receive and review the FEIS prior to the January 22, 1997 Board Hearing.

Please be advised that the Division's tentative approval does not preclude Summo from making changes to the project proposal associated with the BLM's FEIS, the Division of Water Quality's Groundwater Permit Application, or changes associated with the leases managed by School Institutional Trust Lands Administration.

The Division will work with Summo/Gochmour and Associates to resolve the remaining permit issues prior to the Board deadline. In addition, we will be working closely with the BLM, SITLA and DWQ to coordinate our permitting efforts during this final phase of project approval. Please contact me if you have any questions regarding our tentative approval or resolution of the remaining permit issues.

Sincerely,



D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb

Attachment

cc: Robert Prescott, Summo USA, Moab
Dennis Fredericks, DWQ
Lynn Jackson, BLM Moab District
Terry McParland, BLM State Office
Will Stokes, SITLA

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ATTACHMENT ONE
DOCUMENTS REVIEWED BY DOGM
AS OF 12/11/96 FOR THE
SUMMO LISBON VALLEY COPPER PROJECT
M/037/088 (UTU-72499)

- (1) Notice of Intent to Commence Large Scale Mining Operations - Lisbon Valley Project (dated August 1996)
- (2) Appendix A - Proposed Plan of Operations Lisbon Valley Project (dated August 8, 1995)
- (3) Appendix B - Draft Environmental Impact Statement Lisbon Valley Copper Project (dated May 1996)
- (4) Appendix C - Lisbon Valley Project Heap Leach Facility Design Report (dated June 1996)
- (5) Appendix D - Lisbon Valley Project Utah Groundwater Discharge Permit Application (dated July 25, 1996)
- (6) Summo USA Corporation Lisbon Valley Project - Reclamation Costs (dated August 13, 1996)
- (7) Response letter dated November 4, 1996 and attachments:
 - Attachment #1 - additional copy of Figure 3
 - Attachment #2 - copies of eight pit cross-sectional drawings
 - Attachment #3 - Lisbon Valley Project Mitigation & Monitoring Plan, Groundwater Sampling and Analysis Plan, Geochemical (Waste Rock) Sampling Plan, Meteorological Monitoring Plan
 - Attachment #4 - Evaluation of Radionuclide Fate and Transport From Dust Suppression using Natural Groundwater, Data Sheets for Radionuclide Analysis For the Fourth Quarter 1994, Analytical Results for Groundwater Sampling Conducted During First Quarter 1995
- (8) Hydro-Triad, Ltd., "Lisbon Valley Copper Project, Additional Hydrologic Detail" (received November 8, 1996).
- (9) Figure - Lisbon Valley Project, Pre-existing Disturbance and Surface Land Ownership (received November 15, 1996)
- (10) Response letter dated November 21, 1996, w/ 2 copies of the reclamation cost estimate attached, "Summo Corp. Lisbon Valley Copper, Reclamation Costs - The Winters Co. Tucson, Arizona, Capital Cost Estimate" (dated November 18, 1996)
- (11) Figure - "Lisbon Valley Project, Reclamation Treatment Map" (received November 22, 1996)
- (12) Hydro-Triad, Ltd., supplemental hydraulic design detail information (sediment ponds & diversion ditches - received December 6, 1996).